

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 812 - SB 1352

March 18, 2017

SUMMARY OF BILL: Authorizes an overweight or over-dimensional motor vehicle that has obtained an annual permit to obtain a supplement to that annual permit for additional width, height, or length or any additional weight covered by the annual permit.

Exempts overweight or over-dimensional motor vehicles not requiring an escort from the current prohibitions regarding travel times in counties exceeding 250,000 in population.

Eliminates the 150-mile radius restriction and penalty for motor vehicles that are operated by a farmer or nursery worker that are not common carriers and are used to transport agricultural products, farm machinery, or farm supplies. Classifies fluid milk products as nondivisible loads for transportation purposes.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact - \$6,545,500/Highway Fund

Increase State Expenditure – Exceeds \$18,800/Highway Fund

Assumptions:

- The proposed legislation authorizes the issuance of a supplemental vehicle permit for additional width, height, or length or any additional weight covered by the annual permit by the Department of Transportation (TDOT).
- As of January 1, 2017, pursuant to Public Chapter 1012 of the Public Acts of 2016, TDOT is prohibited from issuing such supplements.
- That prohibition resulted in TDOT collecting \$547,025 more in single trip permit revenue to the Highway Fund in January 2017 than in January 2016.
- Assuming that the increase in revenue of \$547,025 occurring in January 2017 is representative of increases in revenue each month for the entire year, the passage of the proposed legislation will result in a recurring decrease in revenue to the Highway Fund of \$6,564,300 (\$547,025 x 12 months).
- Eliminating the 150-mile radius restriction penalty for motor vehicles operated by a farmer or nursery worker that are not common carriers and are used to transport agricultural products, farm machinery, and farm supplies would allow these drivers to operate without a Commercial Driver's License (CDL) in Tennessee.

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- Based on information provided by the Department of Safety (DOS), it is reasonably assumed that a vast majority of farmers operate within the 150 mile radius; thus not being affected by the provisions of the legislation.
- It is further assumed that farmers and nursery workers who do operate outside of the 150-mile radius also operate in other states; thus, it is reasonably assumed that those individuals will continue to obtain and renew a CDL.
- Any fiscal impact related to eliminating the 150-mile radius for certain drivers is considered not significant.
- Classifying fluid milk products as a nondivisible load for transportation purposes will allow trucks to transport loads heavier than 80,000 pounds with the purchase of a permit.
- Milk trucks carrying a load less than 80,000 pounds will not be affected by the provisions of the legislation.
- There are a number of factors that go into determining the price of a permit; for single trip permit, the cost will be \$20 plus \$0.06 per ton mile (tons over 80,000 lbs); annual permits are based upon weight and begin at \$750 for loads up to 100,000 pounds; and a permit of \$3,500 is levied for loads exceeding 100,000 pounds up to 165,000 pounds. For purposes of the fiscal note, the weighted-average permit price across all permit types is estimated to be \$750.
- All fee revenue pursuant to the provisions of the legislation shall be deposited into the Highway Fund.
- TDOT confirms the amount of milk trucks that operate in Tennessee each year is unknown; furthermore, TDOT is unable to estimate the amount of milk trucks that will elect to transport loads in excess of 80,000 pounds in Tennessee.
- It is reasonably estimated that a minimum of 25 overweight permits will be purchased each year as a result of this legislation.
- The recurring increase in Highway Fund revenue is estimated to exceed \$18,750 (\$750 fee x 25 permits).
- It is assumed the additional permit fee revenue will be sufficient for paying any additional costs of processing the permits and for any potential roadway damage caused by increased traffic of relative heavier loads. It is reasonably estimated that the additional recurring expenditures from the Highway Fund will exceed \$18,750.
- The net recurring decrease in state revenue to the Highway Fund is estimated to be \$6,545,500 (\$6,564,300 - \$18,800).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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